

## Message Text

CONFIDENTIAL

PAGE 01 JIDDA 02271 241131Z  
ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 L-03  
CIAE-00 INR-07 NSAE-00 /068 W  
-----242148Z 074290 /46  
R 240453Z MAR 77  
FM AMEMBASSY JIDDA  
TO SECSTATE WASHDC 7756

C O N F I D E N T I A L JIDDA 2271

E.O. 11652: GDS  
TAGS: EFIN, SA  
SUBJ: PENDING USG-SAG BILATERAL FINANCIAL ITEMS

REF: JIDDA 1908

1. FOLLOWING IS UPDATED STATUS REPORT ON PENDING BILATERAL FINANCIAL ISSUES, AS PROMISED IN REFTEL AND FOLLOWING RECENT CONVERSATION WITH SAMA DEP GOV QUSAIBI. UNFORTUNATELY, CONVERSATION WAS NOT CONCLUSIVE ON ANY POINT.

2. SURETY BONDS: QUSAIBI WAS UNCERTAIN ON CURRENT STATUS OF THIS ISSUE. FURTHER INQUIREIES ON OUR PART AT MINISTRY OF FINANCE HAVE ESTABLISHED THAT MIN FIN HAS INDEED APPROVED ISSUANCE OF CIRCULAR AUTHORIZING ACCEPTANCE OF SURETY BONDS (APPARENTLY AGAINST ADVICE OF BRITISH LEGAL COUNSEL WHOSE OPINION WAS REQUESTED). HOWEVER NO CIRCULAR HAS YET BEEN ISSUED, AS MIN FIN AND SAMA ARE ENGAGED IN CORRESPONDENCE (SOME OF WHICH HAS GOTTEN LOST) AS TO WHO SHOULD ISSUE THE CIRCULAR.

3. LETTER OF CREDIT FORMS: QUSAIBI WOULD ONLY TELL US THAT SAMA IS DISCUSSING THIS ISSUE WITH MIN FIN AND HOPES TO HAVE ANSWER FOR US SOON.

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PAGE 02 JIDDA 02271 241131Z

4. TAX TREATY: QUSAIBI CLAIMED TO BE UNAWARE OF OUR PREVIOUS CONVERSATIONS WITH INTERNATIONAL DIVISION DIRECTOR ABDELLATIF ON THIS, BUT PROTESTED THAT TREATY NEGOTIATION WOULD BE OUTSIDE OF SAMA'S BALIWICK ANYWAY. WE POINTED OUT THAT OUR CONTACTS WITH SAMA HAD BEEN FOR PURPOSE OF DEFINING IF SAUDI PORTFOLIO MANAGERS PERCEIVE NEED FOR SUCH A TREATY, AND SUBSEQUENTLY SENT DEP GOV

LETTER SPELLING OUT POSSIBLE ADVANTAGES TO SAG IN SUCH  
A STEP. COMMENT: QUSAIBI WOULD NOT COMMENT ON POSSIBLE  
SAUDI NEED FOR TREATY, THOUGH WE TRIED TO DRAW HIM OUT.  
FOLLOWING ABDULLATIF'S TATEEMENT TO US THAT TREATY POSSIBILITY  
WAS LOW ON SAUDI PRIORITIES LIST, AND BARRING ANY EX-  
PRESSION OF INTEREST ON SAG PART (I.E. FROM MIN FIN  
DEP MIN AL TURKI, AS WE DO NOT EXPECT TO HEAR BACK FROM  
SAMA OFFICIALS) BELIEVE WE SHOULD DROP THIS. SAUDIS SEEM  
SATISFIED THAT US TAX AND WITHHOLDING PROBLEMS ARE NOT  
ONEROUS FOR THEM AND ARE BEST LEFT ALONE (THEY ARE NOT  
UNAWARE THAT TREATIES REQUIRE CONGRESSIONAL APPROVAL).  
IF WE PRESS, THEY MAY WELL BE SUSPICIOUS OF OUR MOTIVES  
FOR DOING SO.  
PORTER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, BONDS (SECURITIES), LETTERS OF CREDIT, TAX AGREEMENTS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
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